

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2060 - SB 2108

February 7, 2016

SUMMARY OF BILL: Authorizes a state licensed or certified real estate appraiser to comply with a standard of valuation practice other than the Uniform Standards of Professional Practice (USPAP) when performing an appraisal, an analysis, or a valuation appraisal for any purpose other than a federally related transaction.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- Authorizing the use of valuation standards that differ from USPAP will provide appraisers with the ability to choose whichever standard benefits the person who hired the individual appraiser; provided, the property in question is not subject to a federally related transaction.
- It is presumed that agents of sellers will obtain relatively higher appraisals than would occur in the absence of the bill; and that agents of buyers will obtain relatively lower appraisals than would occur in the absence of the bill; but that considerations ultimately paid for properties would remain relatively unchanged. As a result, any change in mortgage realty transfer tax collections or any changes in local property tax assessments and collections is estimated to be not significant.
- This legislation will not result in any direct, significant fiscal impact to state or local government.
- The Real Estate Appraiser Commission can make any necessary rule changes during regularly scheduled Commission meetings.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two year period. The Real Estate Appraisers Commission had surpluses of \$319,227 in FY13-14, \$182,418 in FY14-15, and a cumulative reserve balance of \$1,639,871 on June 30, 2015.

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IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumptions:

- Authorizing appraisers to use valuations standards different from the USPAP will provide appraisers in Tennessee with a greater degree of flexibility.
- No significant changes to considerations paid for property transfers.
- The future application of evaluation standards cannot be determined; however, this legislation will have no direct, significant impact to commerce or jobs in Tennessee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jdb